THE OFFICE OF REGULATORY STAFF

DIRECT TESTIMONY AND EXHIBITS

OF

JOSEPH W. COATES

May 29, 2014

DOCKET NO. 2014-1-E

ANNUAL REVIEW OF BASE RATES FOR FUEL COSTS OF DUKE ENERGY PROGRESS, INCORPORATED

DIRECT TESTIMONY AND EXHIBITS OF

JOSEPH W. COATES

ON BEHALF OF

THE SOUTH CAROLINA OFFICE OF REGULATORY STAFF

DOCKET NO. 2014-1-E

IN RE: ANNUAL REVIEW OF BASE RATES FOR FUEL COSTS OF DUKE ENERGY PROGRESS, INCORPORATED

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.

A. My name is Joseph W. Coates. My business address is 1401 Main Street, Suite 900, Columbia, South Carolina, 29201. I am employed by the South Carolina Office of Regulatory Staff ("ORS") in the Audit Department, as an Auditor.

Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.

A. I received a Bachelor of Science Degree in Finance from the University of South Carolina in August 2008. In February 2009, I began my employment with ORS and have been involved in cases related to the regulation of electric, gas, telecommunications, water and wastewater companies. I have previously testified before the Public Service Commission of South Carolina ("PSC") in electric rate cases, a water rate case, and a fuel case.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. The purpose of my testimony is to present the results of ORS Audit Staff's examination of the books and records pertaining to Duke Energy Progress, Inc.'s ("the Company" or "DEP") operations under the Fuel Adjustment Clause ("FAC"). The current fuel examination covered the actual period of March 2013 through February 2014 ("actual review period") and four (4) estimated months from March 2014 to June 2014 ("estimated review period").

Q. WHAT WAS THE PURPOSE OF THIS EXAMINATION?

A. The purpose of this examination was to determine if the Company's accounting practices in computing and applying the monthly FAC have been in compliance with S.C. Code Ann. §58-27-865 (Supp. 2013).

Q. WHAT WAS THE SCOPE OF ORS'S EXAMINATION?

A. ORS Audit Staff examined and verified the monthly fuel adjustment factor calculations and the fuel recovery balances recorded in the Company's books and records. The Audit Staff's examination consisted of the following:

1. Analyzing the Fuel Stock Account

ORS's analysis of the Fuel Stock Account consisted of verifying receipts to, and issues from, the fuel management system to the general ledger, examining monthly fuel charges originating in fuel accounting, and ensuring that only proper charges were entered in the Company's computation of fuel costs for purposes of adjusting the base fuel factor.

2. Sampling Receipts to the Fuel Stock Account

ORS's review of receipts to the Fuel Stock Account consisted of examining and testing selected transactions which support additions to the account. Each transaction examined was tested for mathematical accuracy and vouched to a corresponding supplier invoice, fuel stock detail report, and freight invoice report. Transactions were then verified to a fuel management system payment voucher to verify payment of the correct amount to the vendors.

3. Verifying Charges to Nuclear Fuel Expense

ORS verified the amounts of nuclear fuel expense to the books and records for the actual review period. Additionally, the accuracy of these amounts was confirmed to the Company's amortization schedules.

4. Verifying Purchased and Interchange Power Fuel Costs

ORS verified the Company's purchased and interchange power fuel costs, kilowatt-hour ("kWh") purchases, and kWh sales for the actual review period to summary "Booking Run" reports, individual vendor purchase schedules, and monthly invoices, on a sample basis. This included intercompany power transactions related to the Joint Dispatch Agreement between the Company and Duke Energy Carolinas, LLC. ORS recomputed the Company's sales and purchases for the actual review period. The purchased and interchange power amounts for the actual review period and the resultant over (under)-recovery monthly deferred fuel amounts for the period reflect calculations which conform to S.C. Code Ann. §58-27-865 (Supp. 2013). This statute addresses fuel costs related to purchased power. Subsection (A)(2)(b) of this statute

states that the total delivered cost of economy purchases, including (but not limited to) transmission charges, are included in purchased power costs if those purchases are "less than the purchasing utility's avoided variable costs for the generation of an equivalent quantity of electric power." ORS applied this statute to the examined economic purchases along with the applicable avoided costs.

5. Verifying kWh Sales

ORS verified total system kWh sales, as filed in the monthly fuel factor computation, to monthly billed revenue reports for the actual review period. The monthly kWh sales figures were then used to determine the fuel cost per kWh sold and to compute the monthly S.C. retail allocation factors.

6. Recalculating the Monthly S.C. Allocation Factors and Verifying the Deferred Fuel Costs

ORS recalculated the S.C. allocation factors for the actual review period utilizing information obtained from the Company's records and verified these factors to the Company's books and records. In recalculating the monthly factors, ORS divided the S.C. kWh sales by the total system kWh sales. The monthly S.C. allocation factor was then multiplied by the monthly total fuel costs to produce the S.C. retail basis of total fuel costs. The comparison was then made, in dollars, between the actual monthly fuel costs on a S.C. retail basis and the revenue billed to S.C. customers. The difference in the comparison was the monthly deferred fuel entry. The actual deferred fuel costs for each month were then verified to the Company's books and records.

7. Recalculating the True-up for the Over (Under)-Recovered Fuel Costs

ORS analyzed and recomputed the cumulative over (under)-recovery of base fuel costs for the actual review period and over (under)-recovery for the estimated review period. In addition, ORS recomputed the cumulative over (under)-recovery of environmental fuel costs for the actual review period and over (under)-recovery for the estimated review period.

Q. PLEASE EXPLAIN THE AUDIT EXHIBITS ATTACHED TO YOUR TESTIMONY.

A. ORS prepared audit exhibits from the Company's books and records, reflecting fuel costs during the actual review period. Specifically, these exhibits include the following:

AUDIT EXHIBIT JWC-1: COAL COST STATISTICS

This audit exhibit details spot and contract coal received, separately and combined, for the actual review period. The comparison is made in the following five (5) areas:

(1) Tons Received

(2) Percentage of Total Tons Received

(3) Cost Per Ton Received

(4) Total Received Cost

(5) Cost Per thousand British thermal units ("MBTU")

ORS then took the combined total received cost for the twelve (12) months and divided this by the combined total tons received for the twelve (12) months to arrive at a weighted average cost per ton of $89.32 for the actual review period.

AUDIT EXHIBIT JWC-2: RECEIVED COAL – COST PER TON (PER PLANT)

This audit exhibit details the received cost per ton of coal at each plant during the actual review period, in dollars per ton, including freight costs.

AUDIT EXHIBIT JWC-3: RECEIVED COAL - COST PER TON COMPARISON

This audit exhibit details the received cost per ton of coal for each month of the actual review period for DEP, Duke Energy Carolinas, LLC, and South Carolina Electric & Gas Company. For comparison purposes, ORS has shown the invoice cost per ton, freight cost per ton, total cost per ton, and the cost per MBTU.

AUDIT EXHIBIT JWC-4: TOTAL BURNED COST (FOSSIL AND NUCLEAR)

This audit exhibit details the per book cost of fuel burned for electric generation during the actual review period. The burned cost of each class of fuel is shown separately along with its percentage of total burned costs. These costs are used in the computations of the base fuel cost component. Emission allowance expenses and other variable environmental costs, as described in §58-27-865 (A)(1), are shown separately on Audit Exhibit JWC-6.

AUDIT EXHIBIT JWC-5: SOUTH CAROLINA FUEL COST COMPUTATION

This audit exhibit details the fuel cost computations for the actual review period as well as fuel costs for the estimated review period. The exhibit also shows the actual and estimated computations of the cumulative over (under)-recovery

balances, various adjustments for March 2013 through June 2014, and the allocations of coal blending, coal purchases, gas, and nuclear fuel savings.

AUDIT EXHIBIT JWC-6: TOTAL ENVIRONMENTAL COSTS

This audit exhibit details the total environmental costs for the actual review period for magnesium hydroxide and calcium carbonate, sulfur dioxide ("SO_2") and nitrogen oxide ("NOx") emission allowances, ammonia, urea and limestone. Additionally, the percentage of total cost is shown for each environmental component.

AUDIT EXHIBIT JWC-7: DETAILS OF ENVIRONMENTAL COSTS

This audit exhibit details the environmental cost computations for the actual review period for magnesium hydroxide and calcium carbonate, SO_2 and NOx emission allowances, ammonia, urea, limestone and estimates of variable environmental costs for the estimated review period. The exhibit also shows the computation of the cumulative over (under)-recovery balances for March 2013 through June 2014, the allocations of reagent savings, and an ORS adjustment.

Q. WOULD YOU PLEASE EXPLAIN THE CUMULATIVE OVER (UNDER)-RECOVERY AMOUNT BROUGHT FORWARD IN AUDIT EXHIBIT JWC-5?

A. Yes. As detailed in Audit Exhibit JWC-5, ORS brought forward a cumulative over-recovery balance of $895,511 from February 2013. The Company's testimony (McGee Exhibit 2) reflects a cumulative over-recovery balance of $895,513 brought forward from February 2013.

Q. PLEASE ELABORATE ON ORS AUDIT STAFF'S COMPUTATION OF THE TRUE-UP OF OVER (UNDER)-RECOVERED FUEL COSTS.

A. ORS Audit Exhibit JWC-5 provides details of ORS's calculation of the actual cumulative (under)-recovery balance through February 2014, and the estimated balance through June 2014. The cumulative (under)-recovery amount as of February 2014 totaled ($21,559,994). ORS then added an estimated (under)-recovery of ($4,939,740) for March 2014 and estimated over-recoveries of $3,167,537 for April 2014, $2,495,882 for May 2014, and $98,089 for June 2014. Also, ORS added the Company's adjustment of $1,673,255 and an ORS adjustment of $343,999 in the estimated month of March 2014, later explained as Adjustments (4) and (5) respectfully, to arrive at a cumulative (under)-recovery of ($18,720,972) through June 2014. The Company's testimony (McGee Exhibit 2) in this docket reports the cumulative (under)-recovery total through February 2014 as ($21,567,436) and through June 2014, the cumulative (under)-recovery totals ($19,554,355).

The difference of $7,442, between ORS's and the Company's balance as of February 2014, is due to the Company transitioning from the S.C. allocation method of computing the monthly deferred fuel entry to using the difference between a billed factor and an incurred factor method to compute the deferred fuel entry. ORS continued to use the S.C. allocation method to be consistent with how the Company submitted their monthly filings to the PSC for the review period.

The difference of $833,383, between ORS's and the Company's balance as of June 2014, consists of an additional $343,999 over-recovery to the Company's adjustment (4), a $494,649 over-recovery difference due to ORS's recalculation of the Company's billed factors used for the estimated months of April through June 2014, as well as a ($5,265) variance due to the different calculation methods described above.

Q. DID THE COMPANY MAKE ANY ADJUSTMENTS OR TRUE-UPS DURING THE ACTUAL REVIEW PERIOD FOR THE BASE FUEL COMPONENT?

A. Yes. The Company made the following adjustments as shown on Audit Exhibit JWC-5:

Adjustment (1) – In September 2013, the Company made an over-recovery adjustment of $199,743 to account for revised renewable energy purchases made in June 2013, July 2013, and August 2013.

Adjustment (2) – In October 2013, the Company made an over-recovery adjustment of $13,274 to revise purchased power expenses from August 2013.

Adjustment (3) – During the actual review period it was determined that the cost of certain power purchases exceeded the "utility's avoided variable costs for the generation of an equivalent quantity of power." Accordingly, the Company made an adjustment in February 2014 to the deferred fuel account balance that recognizes the exclusion of those types of costs from purchased power transactions. The effect of the system avoided costs reduction adjustment of

$836,540 resulted in an over-recovery adjustment of $97,372 on a S.C. retail jurisdictional basis.

Adjustment (4) – In March 2014, the Company made an over-recovery adjustment of $1,673,255 to revise cogeneration and renewable energy purchases from April 2013 through December 2013.

ORS examined and recomputed the previous adjustments with no exceptions noted.

Q. DID ORS MAKE ANY ADJUSTMENTS OR TRUE-UPS DURING THE ACTUAL REVIEW PERIOD FOR THE BASE FUEL COMPONENT?

A. Yes. ORS made the following adjustment as shown on Audit Exhibit JWC-5:

Adjustment (5) – ORS made an over-recovery adjustment in March 2014 to account for an additional $343,999 that was excluded from the Company's Adjustment (4).

Q. WOULD YOU PLEASE EXPLAIN THE CUMULATIVE OVER (UNDER)-RECOVERY BALANCE BROUGHT FORWARD IN AUDIT EXHIBIT JWC-7?

A. Yes. As detailed in Audit Exhibit JWC-7, ORS brought forward a cumulative over-recovery balance of $318,611 from February 2013. The Company's testimony (McGee Exhibit 4) reflects a cumulative over-recovery balance of $318,605 brought forward from February 2013.

Q. PLEASE ELABORATE ON ORS AUDIT STAFF'S COMPUTATION OF THE TRUE-UP OF OVER (UNDER)-RECOVERED ENVIRONMENTAL COSTS.

A. ORS Audit Exhibit JWC-7 provides details of ORS's calculation of the cumulative environmental cost over-recovery balance of $558,581 through February 2014. ORS then added an estimated (under)-recovery of ($100,953) for March 2014, over-recovery of $19,217 for April 2014, (under)-recoveries of ($6,452) for May 2014 and ($36,290) for June 2014 to arrive at a cumulative over-recovery balance of $434,103 through June 2014. The Company's testimony (McGee Exhibit 4) in this docket reports the combined cumulative environmental cost over-recovery total through February 2014 as $567,209 and through June 2014 as $445,527.

Q. DID THE COMPANY OR ORS MAKE ANY ADJUSTMENTS OR TRUE-UPS DURING THE ACTUAL REVIEW PERIOD FOR THE ENVIRONMENTAL COST COMPONENT?

A. No.

Q. WHAT ARE THE COMBINED CUMULATIVE OVER (UNDER)-RECOVERIES OF THE BASE FUEL COST AND ENVIRONMENTAL COST COMPONENTS AS OF ACTUAL FEBRUARY 2014 AND AS OF ESTIMATED JUNE 2014?

A. As of February 2014, the combined result of the base fuel cost component cumulative (under)-recovery balance of ($21,559,994) and the environmental cost component cumulative over-recovery balance of $558,581 totals ($21,001,413).

As of June 2014, the combined result of the base fuel cost component cumulative (under)-recovery balance of ($18,720,972) and the environmental cost component cumulative over-recovery balance of $434,103 totals ($18,286,869).

Q. WHAT IS THE RESULT OF THE ORS'S EXAMINATION?

A. Based on ORS Audit Staff's examination of the Company's books and records, and the Company's operations under the fuel cost recovery mechanism, it is ORS's opinion that, subject to ORS's adjustments to the base fuel and environmental cost components, the Company's accounting practices are in compliance with S.C. Code Ann. §58-27-865 (Supp. 2013).

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.

Duke Energy Progress, Inc.
Coal Cost Statistics
March 2013 - February 2014
Docket No. 2014-1-E

SPOT

	(1)	(2)	(3)	(4)	(5)
Month	Tons Received	Percentage of Total Tons Received	Cost Per Ton Received	Total Received Cost	$/MBTU
	Tons	%	$	$	$
Mar-13	0	0.00%	0.00	0	0.0000
Apr-13	(229)	-0.06%	69.58	(15,911)	2.6519
May-13	0	0.00%	0.00	0	0.0000
Jun-13	0	0.00%	0.00	0	0.0000
Jul-13	0	0.00%	0.00	0	0.0000
Aug-13	0	0.00%	0.00	0	0.0000
Sep-13	0	0.00%	0.00	0	0.0000
Oct-13	0	0.00%	0.00	0	0.0000
Nov-13	11,701	2.01%	83.11	972,505	3.2487
Dec-13	22,865	4.01%	81.52	1,863,996	3.2841
Jan-14	23,533	5.86%	84.36	1,985,337	3.4400
Feb-14	213,119	38.72%	77.72	16,564,285	3.1447
Total	270,989			21,370,212	

CONTRACT

	(1)	(2)	(3)	(4)	(5)
Month	Tons Received	Percentage of Total Tons Received	Cost Per Ton Received	Total Received Cost	$/MBTU
	Tons	%	$	$	$
Mar-13	485,946	100.00%	102.26	49,691,389	4.1031
Apr-13	397,814	100.06%	90.25	35,900,808	3.6045
May-13	490,964	100.00%	90.96	44,655,899	3.6190
Jun-13	574,410	100.00%	94.96	54,547,685	3.8408
Jul-13	541,561	100.00%	99.74	54,016,408	4.0731
Aug-13	801,505	100.00%	90.56	72,588,281	3.6566
Sep-13	758,620	100.00%	69.04	52,373,929	2.7915
Oct-13	546,292	100.00%	86.20	47,090,312	3.4905
Nov-13	569,054	97.99%	92.75	52,779,392	3.7479
Dec-13	547,847	95.99%	93.02	50,962,694	3.7083
Jan-14	378,387	94.14%	92.54	35,015,142	3.7085
Feb-14	337,240	61.28%	81.50	27,485,490	3.3657
Total	6,429,640			577,107,429	

Duke Energy Progress, Inc.
Coal Cost Statistics
March 2013 - February 2014
Docket No. 2014-1-E

	(1)	(2)	(3)	(4)	(5)
			COMBINED		
Month	Tons Received	Percentage of Total Tons Received	Cost Per Tons Received	Total Received Cost	$/MBTU
	Tons	%	$	$	$
Mar-13	485,946	100.00%	102.26	49,691,389	4.1031
Apr-13	397,585	100.00%	90.26	35,884,897	3.6050
May-13	490,964	100.00%	90.96	44,655,899	3.6190
Jun-13	574,410	100.00%	94.96	54,547,685	3.8408
Jul-13	541,561	100.00%	99.74	54,016,408	4.0731
Aug-13	801,505	100.00%	90.56	72,588,281	3.6566
Sep-13	758,620	100.00%	69.04	52,373,929	2.7915
Oct-13	546,292	100.00%	86.20	47,090,312	3.4905
Nov-13	580,755	100.00%	92.56	53,751,897	3.7375
Dec-13	570,712	100.00%	92.56	52,826,690	3.6915
Jan-14	401,920	100.00%	92.06	37,000,479	3.6931
Feb-14	550,359	100.00%	80.04	44,049,775	3.2790
Total	6,700,629			598,477,641	

Total Received Cost = $ 598,477,641 = $ 89.32 (Weighted Average Cost of Coal)
Total Tons Received = 6,700,629

Duke Energy Progress, Inc.
Received Coal - Cost Per Ton (Per Plant)
March 2013 - February 2014
Docket No. 2014-1-E

Plant	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14
	$	$	$	$	$	$	$	$	$	$	$	$
Asheville	90.16	91.93	95.63	93.94	96.92	90.03	64.82	92.47	91.60	90.17	89.13	80.82
Mayo	56.12	96.83	88.10	89.16	95.45	0.00	13.85	88.74	94.16	98.28	94.90	79.65
Roxboro	87.64	100.51	93.64	91.34	92.28	90.95	83.46	96.28	91.10	92.26	90.37	88.67
Sutton	0.00	62.60	107.24	117.01	108.35	107.02	117.11	32.55	65.19	177.26	0.00	0.00
System Total	102.26	90.26	90.96	94.96	99.74	90.56	69.04	86.20	92.56	92.56	92.06	80.04

Audit Exhibit JWC-2

Duke Energy Progress, Inc.
Received Coal - Cost Per Ton Comparison
March 2013 - February 2014
Docket No. 2014-1-E

Duke Energy Progress, Inc.

Month	Invoice Cost Per Ton	Freight Cost Per Ton	Total Cost Per Ton	Cost Per MBTU
	$	$	$	$
Mar-13	54.29	47.97	102.26	4.1031
Apr-13	60.61	29.65	90.26	3.6050
May-13	62.41	28.55	90.96	3.6190
Jun-13	63.21	31.75	94.96	3.8408
Jul-13	62.85	36.89	99.74	4.0731
Aug-13	61.55	29.01	90.56	3.6566
Sep-13	45.42	23.62	69.04	2.7915
Oct-13	58.98	27.22	86.20	3.4905
Nov-13	59.85	32.71	92.56	3.7375
Dec-13	60.60	31.96	92.56	3.6915
Jan-14	58.39	33.67	92.06	3.6931
Feb-14	53.94	26.10	80.04	3.2790

Duke Energy Carolinas, LLC[1]

Month	Invoice Cost Per Ton	Freight Cost Per Ton	Total Cost Per Ton	Cost Per MBTU
	$	$	$	$
Mar-13	65.70	30.83	96.53	3.9442
Apr-13	65.46	32.65	98.11	4.0129
May-13	69.85	36.13	105.98	4.2598
Jun-13	70.14	32.49	102.63	4.1048
Jul-13	67.87	35.76	103.63	4.2104
Aug-13	67.31	35.24	102.55	4.1589
Sep-13	70.23	31.25	101.48	4.1176
Oct-13	70.59	31.50	102.09	4.1196
Nov-13	68.23	33.84	102.07	4.1642
Dec-13	66.61	34.05	100.66	4.2635
Jan-14	61.03	34.22	95.25	3.9693
Feb-14	59.00	36.16	95.16	3.8448

Duke Energy Progress, Inc.
Received Coal - Cost Per Ton Comparison
March 2013 - February 2014
Docket No. 2014-1-E

South Carolina Electric & Gas Company[1]

Month	Invoice Cost Per Ton	Freight Cost Per Ton	Total Cost Per Ton	Cost Per MBTU
	$	$	$	$
Mar-13	76.24	29.92	106.16	4.1400
Apr-13	74.74	32.97	107.71	4.2400
May-13	73.33	29.38	102.71	4.0500
Jun-13	72.48	34.56	107.04	4.2300
Jul-13	75.76	32.67	108.43	4.2200
Aug-13	74.12	34.04	108.16	4.2500
Sep-13	76.22	35.33	111.55	4.4000
Oct-13	61.57	28.50	90.07	4.3800
Nov-13	70.02	31.07	101.09	4.0500
Dec-13	70.07	31.59	101.66	4.0200
Jan-14	65.33	30.95	96.28	3.8100
Feb-14	65.04	36.23	101.27	3.9900

[1] Total Cost per Ton information for Duke Energy Carolinas, LLC and South Carolina Electric & Gas Company has not been audited as part of this docket.

Duke Energy Progress, Inc.
Total Burned Cost (Fossil and Nuclear)
March 2013 - February 2014
Docket No. 2014-1-E

Used for Base Fuel Factor:

Month	Coal		#2 Oil		Natural Gas		Nuclear		Total Burned Cost
	$	%	$	%	$	%	$	%	$
Mar-13	58,597,675	49.92%	2,710,286	2.31%	43,879,362	37.38%	12,195,462	10.39%	117,382,785
Apr-13	43,580,852	42.14%	767,479	0.74%	47,528,539	45.96%	11,542,621	11.16%	103,419,491
May-13	39,208,601	36.59%	2,047,344	1.91%	54,947,397	51.27%	10,962,560	10.23%	107,165,902
Jun-13	67,619,427	48.39%	1,433,941	1.03%	55,922,729	40.02%	14,761,640	10.56%	139,737,737
Jul-13	75,466,696	48.59%	1,714,639	1.10%	61,774,394	39.78%	16,348,895	10.53%	155,304,624
Aug-13	72,615,346	48.33%	2,021,397	1.34%	60,133,847	40.02%	15,487,581	10.31%	150,258,171
Sep-13	50,595,559	41.58%	1,295,218	1.07%	56,204,427	46.19%	13,579,070	11.16%	121,674,274
Oct-13	37,066,579	34.01%	3,283,218	3.01%	56,073,207	51.44%	12,578,269	11.54%	109,001,273
Nov-13	49,237,529	38.17%	4,948,408	3.84%	62,900,974	48.77%	11,895,873	9.22%	128,982,784
Dec-13	39,811,625	31.33%	1,273,036	1.00%	70,886,618	55.78%	15,113,469	11.89%	127,084,748
Jan-14	62,293,467	25.41%	44,300,180	18.07%	122,324,711	49.90%	16,231,959	6.62%	245,150,317
Feb-14	71,938,092	54.21%	2,719,939	2.05%	43,102,513	32.48%	14,943,059	11.26%	132,703,603
Totals	668,031,448	40.79%	68,515,085	4.18%	735,678,718	44.92%	165,640,458	10.11%	1,637,865,709

Duke Energy Progress, Inc.
South Carolina Fuel Cost Computation
March 2013 - June 2014
Docket No. 2014-1-E

	ACTUAL							
	March 2013	April 2013	May 2013	June 2013	July 2013	August 2013	September 2013	October 2013
Fossil Fuel	$ 105,187,323	$ 91,876,870	$ 96,203,342	$ 124,976,097	$ 138,955,729	$ 134,770,590	$ 108,095,204	$ 96,423,004
Nuclear Fuel	$ 12,195,462	$ 11,542,621	$ 10,962,560	$ 14,761,640	$ 16,348,895	$ 15,487,581	$ 13,579,070	$ 12,578,269
Coal Blending Savings Allocations	$ (1,163,771)	$ (1,325,411)	$ (1,493,125)	$ (1,892,498)	$ (1,792,920)	$ (1,765,721)	$ (1,169,748)	$ (1,717,654)
Coal Purchase Savings Allocations	$ 651,335	$ 77,714	$ (227,577)	$ 1,761,961	$ (47,190)	$ (162,037)	$ 513,384	$ (209,107)
Gas Savings Allocations	$ (738,047)	$ (78,202)	$ (69,022)	$ (78,923)	$ (80,619)	$ (73,571)	$ (77,333)	$ (84,717)
Nuclear Fuel Savings Allocations	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Purchased & Interchange Power	$ 40,417,205	$ 16,895,548	$ 27,855,841	$ 21,117,955	$ 27,227,787	$ 29,984,212	$ 20,695,746	$ 18,165,678
Sub-Total	$ 156,549,507	$ 118,989,140	$ 133,232,019	$ 160,646,232	$ 180,611,682	$ 178,241,054	$ 141,636,323	$ 125,155,473
Off-System Sales	$ (11,622,842)	$ (15,683,151)	$ (11,760,254)	$ (23,159,033)	$ (24,063,728)	$ (27,632,522)	$ (14,344,063)	$ (14,164,285)
Total Fuel Costs	$ 144,926,665	$ 103,305,989	$ 121,471,765	$ 137,487,199	$ 156,547,954	$ 150,608,532	$ 127,292,260	$ 110,991,188
Total System kWh Sales Excluding Off-Systems Sales	4,396,486,986	4,256,166,018	3,849,422,774	4,292,511,033	5,050,038,599	5,246,619,945	4,425,821,775	4,051,620,579
S.C. kWh Sales	474,712,940	554,895,417	452,740,595	466,779,249	602,531,741	613,182,769	518,884,686	500,618,334
S.C. Allocation Factor Note (1)	0.1080	0.1304	0.1176	0.1087	0.1193	0.1169	0.1172	0.1236
S.C. Retail Basis of Total Fuel Costs	$ 15,652,080	$ 13,471,101	$ 14,285,080	$ 14,944,859	$ 18,676,171	$ 17,606,137	$ 14,918,653	$ 13,718,511
Amount Billed to S.C. Customers	$ 12,480,106	$ 14,585,303	$ 11,898,301	$ 12,303,449	$ 17,530,871	$ 17,845,407	$ 15,099,732	$ 14,567,197
Deferred Fuel Entry	$ (3,171,974)	$ 1,114,202	$ (2,386,779)	$ (2,641,410)	$ (1,145,300)	$ 239,270	$ 181,079	$ 848,686
Cumulative Over/(Under) Recovery- Prior Month	$ 895,511	$ (2,276,463)	$ (1,162,261)	$ (3,549,040)	$ (6,190,450)	$ (7,335,750)	$ (7,096,480)	$ (6,715,658)
Company's Accounting Adjustments							$ 199,743 (1)	$ 13,274 (2)
ORS Adjustments								
Cumulative Over/(Under) Recovery	$ (2,276,463)	$ (1,162,261)	$ (3,549,040)	$ (6,190,450)	$ (7,335,750)	$ (7,096,480)	$ (6,715,658)	$ (5,853,698)

Note (1) - S.C. Allocation Factor = S.C. Retail Sales / Total System Sales

Duke Energy Progress, Inc.
South Carolina Fuel Cost Computation
March 2013 - June 2014
Docket No. 2014-1-E

	ACTUAL				ESTIMATED			
	November 2013	December 2013	January 2014	February 2014	March 2014	April 2014	May 2014	June 2014
Fossil Fuel	$ 117,086,911	$ 111,971,279	$ 228,918,358	$ 117,760,544	$ 137,776,714	$ 83,741,033	$ 87,628,760	$ 124,080,203
Nuclear Fuel	$ 11,895,873	$ 15,113,469	$ 16,231,959	$ 14,943,059	$ 9,993,487	$ 13,727,075	$ 13,824,784	$ 13,688,568
Coal Blending Savings Allocations	$ (2,511,901)	$ (2,192,914)	$ (1,115,355)	$ (763,001)	$ (907,134)	$ (2,077,194)	$ (2,093,376)	$ (2,127,210)
Coal Purchase Savings Allocations	$ 223,092	$ 694,639	$ 857,747	$ 599,585	$ 29,808	$ 553,025	$ 529,680	$ 504,011
Gas Savings Allocations	$ (712,566)	$ (790,007)	$ (3,091,892)	$ (683,980)	$ (719,690)	$ (16,029)	$ (40,718)	$ (46,192)
Nuclear Fuel Savings Allocations	$ -	$ 220,526	$ (153)	$ -	$ 1,635,861	$ (1,243,898)	$ -	$ -
Purchased & Interchange Power	$ 25,578,318	$ 22,340,333	$ 87,646,011	$ 33,019,235	$ 40,484,955	$ 16,488,297	$ 20,358,001	$ 25,646,613
Sub-Total	$ 151,559,727	$ 147,357,325	$ 329,446,675	$ 164,875,442	$ 188,294,001	$ 111,172,309	$ 120,207,131	$ 161,745,993
Off-System Sales	$ (15,633,999)	$ (22,265,629)	$ (46,021,193)	$ (22,880,038)	$ (17,939,815)	$ (15,265,558)	$ (17,043,037)	$ (33,088,879)
Total Fuel Costs	$ 135,925,728	$ 125,091,696	$ 283,425,482	$ 141,995,404	$ 170,354,186	$ 95,906,751	$ 103,164,094	$ 128,657,114
Total System kWh Sales Excluding Off-System Sales	3,941,130,262	4,605,941,090	5,389,113,675	4,912,803,218	4,396,971,975	3,684,122,704	4,236,064,441	4,858,782,381
S.C. kWh Sales	468,689,255	498,489,160	612,208,970	570,388,942	512,144,615	450,967,276	509,440,381	559,031,474
S.C. Allocation Factor Note (1)	0.1189	0.1082	0.1136	0.1161	0.1165	0.1224	0.1203	0.1151
S.C. Retail Basis of Total Fuel Costs	$ 16,161,569	$ 13,534,922	$ 32,197,135	$ 16,485,666	$ 19,846,263	$ 11,738,986	$ 12,410,641	$ 14,808,434
Amount Billed to S.C. Customers	$ 13,640,456	$ 14,510,226	$ 17,821,599	$ 16,603,343	$ 14,906,523	$ 14,906,523	$ 14,906,523	$ 14,906,523
Deferred Fuel Entry	$ (2,521,113)	$ 975,304	$ (14,375,536)	$ 117,677	$ (4,939,740)	$ 3,167,537	$ 2,495,882	$ 98,089
Cumulative Over/(Under) Recovery- Prior Month	$ (5,853,698)	$ (8,374,811)	$ (7,399,507)	$ (21,775,043)	$ (21,559,994)	$ (24,482,480)	$ (21,314,943)	$ (18,819,061)
Company's Accounting Adjustments				97,372 (3)	$ 1,673,255 (4)			
ORS Adjustments					$ 343,999 (5)			
Cumulative Over/(Under) Recovery	$ (8,374,811)	$ (7,399,507)	$ (21,775,043)	$ (21,559,994)	$ (24,482,480)	$ (21,314,943)	$ (18,819,061)	$ (18,720,972)

Note (1) - S.C. Allocation Factor = S.C. Retail Sales / Total System Sales

Cumulative Over/(Under) Base Fuel Component (per Audit Exhibit JWC-5)	$ (21,559,994)	$ (18,720,972)
Cumulative Over/(Under) Environmental Component (per Audit Exhibit JWC-7)	$ 558,581	$ 434,103
Net Cumulative Base Fuel and Environmental Components Over/(Under)- Recovery Balances	$ (21,001,413)	$ (18,286,869)

Duke Energy Progress, Inc.
Total Environmental Costs
March 2013 - February 2014
Docket No. 2014-1-E

Used for Environmental Cost Factor:

Month	Magnesium Hydroxide and Calcium Carbonate		SO_2 & NO_x Emission Allowances		Ammonia & Urea		Limestone		Total Environmental Costs
	$	%	$	%	$	%	$	%	$
Mar-13	125,643	10.25%	33,524	2.74%	431,124	35.18%	635,106	51.83%	1,225,397
Apr-13	167,936	13.94%	53,003	4.40%	383,748	31.86%	599,901	49.80%	1,204,588
May-13	183,573	16.06%	58,233	5.09%	327,622	28.66%	573,775	50.19%	1,143,203
Jun-13	352,541	18.58%	92,491	4.87%	497,021	26.20%	955,277	50.35%	1,897,330
Jul-13	358,222	18.02%	110,320	5.55%	542,736	27.29%	977,085	49.14%	1,988,363
Aug-13	410,591	19.72%	105,829	5.08%	530,184	25.47%	1,035,135	49.73%	2,081,739
Sep-13	283,453	18.78%	84,764	5.61%	374,580	24.81%	766,915	50.80%	1,509,712
Oct-13	172,355	13.56%	40,860	3.22%	312,072	24.56%	745,444	58.66%	1,270,731
Nov-13	220,530	12.08%	48,801	2.67%	538,374	29.49%	1,018,141	55.76%	1,825,846
Dec-13	282,468	17.11%	33,739	2.05%	481,111	29.14%	853,503	51.70%	1,650,821
Jan-14	390,718	16.78%	33,618	1.44%	695,046	29.84%	1,209,659	51.94%	2,329,041
Feb-14	365,102	17.25%	47,272	2.23%	599,405	28.33%	1,104,387	52.19%	2,116,166
Totals	$ 3,313,132	16.37%	$ 742,454	3.67%	$ 5,713,023	28.22%	$ 10,474,328	51.74%	$ 20,242,937

Duke Energy Progress, Inc.
Details of Environmental Costs
March 2013 - June 2014
Docket No. 2014-1-E

	Actual																	
	Mar-13		Apr-13		May-13		Jun-13		Jul-13		Aug-13		Sep-13		Oct-13			
Magnesium Hydroxide and Calcium Carbonate	$	125,643	$	167,936	$	183,573	$	352,541	$	358,222	$	410,591	$	283,453	$	172,355		
SO_2 & NOx Emission Allowances	$	33,524	$	53,003	$	58,233	$	92,491	$	110,320	$	105,829	$	84,764	$	40,860		
Ammonia & Urea	$	431,124	$	383,748	$	327,622	$	497,021	$	542,736	$	530,184	$	374,580	$	312,072		
Limestone	$	635,106	$	599,901	$	573,775	$	955,277	$	977,085	$	1,035,135	$	766,915	$	745,444		
Sub-Total	$	1,225,397	$	1,204,588	$	1,143,203	$	1,897,330	$	1,988,363	$	2,081,739	$	1,509,712	$	1,270,731		
Off-System Sales	$	(4,620)	$	(195,828)	$	(73,424)	$	(330,019)	$	(277,483)	$	(402,273)	$	(72,153)	$	(206,317)		
Reagent Savings Allocations	$	8,534	$	(20,911)	$	(5,741)	$	12,505	$	38,688	$	7,166	$	46,914	$	97,156		
Total Environmental Cost	$	1,229,311	$	987,849	$	1,064,038	$	1,579,816	$	1,749,568	$	1,686,632	$	1,484,473	$	1,161,570		
S.C. Retail kWh Sales		474,712,940		554,895,417		452,740,595		466,779,249		602,531,741		613,182,769		518,884,686		500,618,334		
Total System kWh Sales Excluding Off-System Sales		4,396,486,986		4,256,166,018		3,849,422,774		4,292,511,033		5,050,038,599		5,246,619,945		4,425,821,775		4,051,620,579		
S.C. Allocation Factor Note (2)		0.1080		0.1304		0.1176		0.1087		0.1193		0.1169		0.1172		0.1236		
S.C. Retail Basis of Total Environmental Costs	$	132,766	$	128,816	$	125,131	$	171,726	$	208,723	$	197,167	$	173,980	$	143,570		
Amount Billed to S.C. Customers	$	192,428	$	179,334	$	148,580	$	169,272	$	195,911	$	220,487	$	175,781	$	166,535		
Over/(Under) Recovery	$	59,662	$	50,518	$	23,449	$	(2,454)	$	(12,812)	$	23,320	$	1,801	$	22,965		
Cumulative Over/(Under) Recovery - Prior Month	$	318,611	$	378,273	$	428,791	$	452,240	$	449,786	$	436,974	$	460,294	$	462,095		
Cumulative Over/(Under) Recovery	$	378,273	$	428,791	$	452,240	$	449,786	$	436,974	$	460,294	$	462,095	$	485,060		

Note (2) - S.C. Allocation Factor = S.C. Retail Sales / Total System Sales

Duke Energy Progress, Inc.
Details of Environmental Costs
March 2013 - June 2014
Docket No. 2014-1-E

	Actual				Estimated			
	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14
Magnesium Hydroxide and Calcium Carbonate	$ 220,530	$ 282,468	$ 390,718	$ 365,102	$ 540,633	$ 128,372	$ 184,596	$ 289,470
SO_2 & NOx Emission Allowances	$ 48,801	$ 33,739	$ 33,618	$ 47,272	$ 50,088	$ 17,550	$ 36,395	$ 66,223
Ammonia & Urea	$ 538,374	$ 481,111	$ 695,046	$ 599,405	$ 666,655	$ 358,601	$ 436,203	$ 572,600
Limestone	$ 1,018,141	$ 853,503	$ 1,209,659	$ 1,104,387	$ 1,469,186	$ 500,906	$ 777,463	$ 1,314,798
Sub-Total	$ 1,825,846	$ 1,650,821	$ 2,329,041	$ 2,116,166	$ 2,726,562	$ 1,005,429	$ 1,434,657	$ 2,243,091
Off-System Sales	$ (188,589)	$ (301,157)	$ (105,062)	$ (126,872)	$ (68,558)	$ (5,576)	$ (12,601)	$ (9,638)
Reagent Savings Allocations	$ 115,454	$ (753,103)	$ (15,114)	$ (12,699)	$ (147,338)	$ (13,907)	$ (13,907)	$ (13,907)
Total Environmental Cost	$ 1,752,711	$ 596,561	$ 2,208,865	$ 1,976,595	$ 2,510,666	$ 985,946	$ 1,408,149	$ 2,219,546
S.C. Retail kWh Sales	468,689,255	498,489,160	612,208,970	570,388,942	512,144,615	450,967,276	509,440,381	559,031,474
Total System kWh Sales Excluding Off-System Sales	3,941,130,262	4,605,941,090	5,389,113,675	4,912,803,218	4,396,971,975	3,684,122,704	4,236,064,441	4,858,782,381
S.C. Allocation Factor Note (2)	0.1189	0.1082	0.1136	0.1161	0.1165	0.1224	0.1203	0.1151
S.C. Retail Basis of Total Environmental Costs	$ 208,397	$ 64,548	$ 250,927	$ 229,483	$ 292,493	$ 120,680	$ 169,400	$ 255,470
Amount Billed to S.C. Customers	$ 159,301	$ 201,736	$ 239,306	$ 226,533	$ 191,540	$ 139,897	$ 162,948	$ 219,180
Over/(Under) Recovery	$ (49,096)	$ 137,188	$ (11,621)	$ (2,950)	$ (100,953)	$ 19,217	$ (6,452)	$ (36,290)
Cumulative Over/(Under) Recovery - Prior Month	$ 485,060	$ 435,964	$ 573,152	$ 561,531	$ 558,581	$ 457,628	$ 476,845	$ 470,393
Cumulative Over/(Under) Recovery	$ 435,964	$ 573,152	$ 561,531	$ 558,581	$ 457,628	$ 476,845	$ 470,393	$ 434,103

Note (2) - S.C. Allocation Factor = S.C. Retail Sales / Total System Sales